

CHAPTER 1

LICENSING REQUIREMENTS

Section 1-1

REGISTERING A REPAIR FACILITY

1-1.1 Requirement. Section 6 of the *Motor Vehicle Service and Repair Act* (MCL 257.1306) requires businesses performing motor vehicle maintenance, diagnosis, vehicle body work or repair service on a motor vehicle for compensation to be registered with the Michigan Department of State. The Bureau of Regulatory Services oversees this activity for the Department of State. Other auto-related businesses, such as vehicle dealerships, are also licensed and regulated by the bureau.

1-1.2 Exemptions. A business need not register as a motor vehicle service and repair facility if any of the following apply:

- (a) The business does not involve motor vehicle service or repair;
- (b) The business does not perform motor vehicle service or repair for compensation;
- (c) The business *only* services or repairs its own vehicles;
- (d) The business performs motor vehicle service or repair only for a single government agency or a single commercial or industrial establishment;
- (e) The business engages *only* in the sale of motor fuels and lubricants;
- (f) The business, such as a machine shop, does not diagnose the operating condition of, remove parts from, or install parts on a motor vehicle;
- (g) The business *exclusively* performs services or repairs on motor vehicles *not* required to be registered and titled (bulldozers, cranes, road rollers, etc.).

1-1.3 Other Licensing Requirements. A business which sells used or rebuilt late model major component parts (see Chapter 2) over-the-counter must obtain a Class C (Used Vehicle Parts Dealer) license. For more information, telephone the Program Operations Division of the Bureau of Regulatory Services at 517/241-6850. To obtain a dealer license application packet, telephone the Bureau of Regulatory Services' Licensing Unit at 517/636-6400.

1-1.4 Loss of Registration. A repair facility registration may be revoked, suspended or denied, if, after a hearing is offered, the Secretary of State determines that the person or facility:

- (a) Engaged in an unfair or deceptive act or practice or made an untrue statement of a material fact [MCL 257.1322(a)];
- (b) Violated any provision of the *Motor Vehicle Service and Repair Act* or any rule promulgated under it [MCL 257.1322(b)];
- (c) Violated a probation agreement [MCL 257.1322(c)];
- (d) Made unnecessary repairs or repairs not authorized by a customer [MCL 257.1322(d)];
- (e) Refused to honor a warranty given to a customer [MCL 257.1322(e)];
- (f) Caused or permitted a customer to sign a blank document regarding a motor vehicle repair, such as an estimate, repair order, or invoice [MCL 257.1322(f)];
- (g) Was ordered by a court not to repair motor vehicles as a business or not to violate the *Motor Vehicle Service and Repair Act* or any rule promulgated under it [MCL 257.1322(g)];
- (h) Was a stockholder, officer or director of a corporate licensee and as an individual, either did something or failed to do something which would be grounds for refusing to issue or suspending or revoking a license issued to that person as an individual [MCL 257.1322(h)];
- (i) Failed to comply with a final cease and desist order [MCL 257.1322(i)];

- (j) Was convicted of a criminal violation of the *Motor Vehicle Service and Repair Act* [MCL 257.1322(j)];
- (k) Used the “Waiver of Liability” provision of the *Motor Vehicle Service and Repair Act* to avoid other requirements of the Act [MCL 257.1322(k)];
- (l) Was convicted of violating the *Used Motor Vehicle Parts Act* [MCL 257.1322(l)];
- (m) Was convicted of any of the following offenses [MCL 257.1322(m)]:
 - (1) Unlawfully driving away a motor vehicle (MCL 750.413);
 - (2) Concealing or misrepresenting the identity of a motor vehicle (MCL 750.415);
 - (3) Buying, receiving, possessing, concealing or aiding in the concealment of stolen, embezzled or converted property (MCL 750.535);
 - (4) Owning, operating or conducting a chop shop (MCL 750.535a);
 - (5) Obscuring, defacing, altering, obliterating, removing, destroying or otherwise concealing or disguising the identity of a registration, serial or identification number (MCL 750.536a).

1-1.5 Reporting Unlicensed Repair Facilities or Mechanics. It is a violation of the *Motor Vehicle Service and Repair Act* to operate a motor vehicle repair facility or perform a motor vehicle repair without a registration issued by the Michigan Department of State. Information regarding an unlicensed repair facility or uncertified mechanic can be provided anonymously to the Bureau of Regulatory Services by telephone, e-mail, fax, or in writing as follows:

Michigan Department of State
Bureau of Regulatory Services
Business Licensing and Regulation Division
Lansing, MI 48918

Telephone: 517/241-6850
Fax: 517/335-2810
Web Site michigan.gov/sos
E-mail: bar@michigan.gov

Section 1-2

REGISTRATION PROCESS

1-2.1 Procedure. As noted above, any person engaging in the business or activity of a motor vehicle repair facility in Michigan must register with the Michigan Department of State, Bureau of Regulatory Services. Applications for a repair facility registration (Form AR-0012, *Motor Vehicle Repair Facility Registration*) may be obtained from Fax-on-Demand at 517/335-4FAX or from the Bureau of Regulatory Services' Licensing Unit at 517/636-6400. When completed, the application should be submitted to the Licensing Unit at the following address:

Michigan Department of State
Bureau of Regulatory Services
Licensing Unit
Lansing, MI 48918

1-2.2 Original Fee. The fee for an original repair facility registration is based on the total amount of money the business expects to receive in payment for services and repairs, before expenses are subtracted, during its first year of operation. A sliding fee scale based upon the gross annual revenue of the facility determines the registration fee to be paid (see Table 1-1).

NOTE: Repairs cannot be performed for compensation until the repair facility receives notification that its registration has been issued by the Department's Bureau of Regulatory Services.

Table 1-1
Repair Facility Registration Fees

Gross Annual Revenue	Annual Fee
Under \$5,000	\$25
\$5,001 - \$15,000	\$50
\$15,001 - \$25,000	\$75
\$25,001 - \$40,000	\$100
\$40,001 - \$60,000	\$125
\$60,001 - \$80,000	\$150
\$80,001 - \$100,000	\$175
\$100,001 - \$120,000	\$200
\$120,001 - \$140,000	\$225
\$140,001 - \$160,000	\$250
\$160,001 - \$180,000	\$275
\$180,001 - \$200,000	\$300
\$200,001 - \$220,000	\$325
\$220,001 - \$240,000	\$350
\$240,001 - \$260,000	\$375
\$260,001 - \$280,000	\$400
\$280,001 - \$300,000	\$425
\$300,001 - \$320,000	\$450
\$320,001 - \$340,000	\$475
Over \$340,000	\$500

1-2.3 Expiration of Registration. An original repair facility registration will take effect on the date the facility's application is approved by the Michigan Department of State. If approval is granted, the Department of State will issue a certificate of registration to the facility. The registration will expire one year from that date. Renewal application forms (AR-0064, *Motor Vehicle Repair Facility Registration Renewal*) are mailed by the Department to all registered repair facilities about 45 days before their current registrations expire. Early submission of renewal applications will ensure that the renewal will be fully processed before the facility's registration expiration date. A repair facility which has not received its renewal application form 30 days before the registration expiration date should immediately contact the Licensing Unit at 517/636-6400.

1-2.4 Unrenewed Registration. A repair facility that has not renewed its registration may not accept compensation for any motor vehicle repairs performed after its registration expiration date, with one exception, noted in Section 1-2.5.

1-2.5 Renewal Pending. A repair facility may continue to operate temporarily after its expiration date, pending approval of its renewal application, provided that the renewal application has been received by the Department of State on or before the expiration date.

1-2.6 Renewal Fee. The fee for registration renewal is determined by using the same fee schedule used to compute original registration fees (see Table 1-1). The fee for renewal of the registration is based on the gross annual revenue of the facility for services or repairs provided, before expenses of any kind were subtracted, for the facility's most recent complete federal income tax year.

1-2.7 Late Fee. The law requires payment of a late fee of 1-1/2 times the regular renewal fee if the renewal application is not received on or before the facility's registration expiration date.

1-2.8 Additional Locations. A facility must obtain a separate registration for each location where repairs are offered. An additional fee for each separate location must accompany the facility's application for registration (see Table 1-1).

NOTE: Information on a sales tax license can be obtained by contacting the Michigan Department of Treasury's Sales, Use and Withholding Taxes Division at 517/373-3190.

Section 1-3

REPLACEMENT REGISTRATION

1-3.1 Procedure. If a certificate of registration is lost or destroyed, the facility must immediately apply to the Michigan Department of State for a replacement registration (Section 257.1325). The request for a replacement registration must contain the following information:

- (a) Name and address of the facility;
- (b) Facility registration number;
- (c) Explanation of the loss or destruction of the registration.

1-3.2 Replacement Fee. A \$5 registration replacement fee must be submitted.

Section 1-4

BUSINESS HOURS

1-4.1 Requirement. A repair facility must maintain *posted* business hours and indicate those hours in its registration application. During posted business hours, the Bureau of Regulatory Services has legal authority to inspect all records kept by the facility. A facility's business hours are kept on record with the Department [MCL 257.1317(i); Administrative Rule 257.122(4)].

1-4.2 Change in Business Hours. A repair facility must notify the Bureau of Regulatory Services of any change in its business hours. There are two ways to notify the Department of such a change:

- (a) Mail, fax or e-mail a brief letter to the Licensing Unit listing the new hours. The Section's address, fax number and e-mail address are:

Michigan Department of State
Bureau of Regulatory Services
Licensing Unit
Lansing, MI 48918

Fax: 517/335-2810
E-mail: licensing@michigan.gov

- (b) Indicate the new hours on the facility's next registration renewal application. As noted previously, this form should be mailed to the Licensing Section.

Section 1-5

CHANGE OF ADDRESS OR BUSINESS NAME

1-5.1 Change of Address. If a repair facility's business address has changed, the facility owner must write, fax or e-mail notice of the change to the Bureau of Regulatory Services Licensing Unit. The bureau's address is listed above.

1-5.2 Change of Name. When a repair facility changes its name, the owner must write, fax or e-mail notice of the new name to the Bureau of Regulatory Services' Licensing Unit.

Section 1-6

CHANGE OF OWNERSHIP

1-6.1 Requirement. Changes in the ownership of a repair facility must be reported in writing to the Licensing Section using Form AR-0012, *Motor Vehicle Repair Facility Registration Application*. This form is available by telephoning the bureau's Licensing Section at 517/373-9460 or from the Department of State's Fax-on-Demand service at 517/335-4FAX.

1-6.2 Individual Ownership. If there is *any* change of ownership in a business which is operated as a sole proprietorship (one owner), the new owners must immediately obtain a new registration from the Michigan Department of State and a new registration fee must be paid. Use Form AR-0012, *Motor Vehicle Repair Facility Registration Application*. It is available by telephoning the bureau's Licensing Unit at 517/636-6400 or from Fax-on-

Demand at 517/335-4FAX. Return the completed form with the registration fee to the Licensing Section.

1-6.3 Partnerships. Adding or deleting a partner requires submission of a new registration application and an original registration fee. Complete Form AR-0012, *Motor Vehicle Repair Facility Registration Application*, and return with the registration fee to the Licensing Unit. Form AR-0012 can be obtained by telephoning the bureau's Licensing Unit at 517/636-6400 or from Fax-on-Demand at 517/335-4FAX.

1-6.4 Corporations. Corporations which have a change of 10% or more of their stockholders, or a change of corporate officers, must complete Form AR-0075, *Motor Vehicle Repair Facility Registration Change of Officers, Director, Stockholder Application*. It is available by telephoning the bureau's Licensing Unit at 517/636-6400 or from Fax-on-Demand at 517/335-4FAX. The form must be submitted to the Licensing Section within 30 days of the change.

1-6.5 Limited Liability Companies and Trusts. Written notification to the Licensing Unit is required when a managing member is added or deleted from a repair facility registration issued to a limited liability company or a trust. Fax or mail this information to the Licensing Unit as soon as possible.

Section 1-7

IN-TRANSIT REPAIR PLATES

1-7.1 Authorization. Registered repair facilities may use special license plates on certain vehicles. Michigan law permits the use of in-transit repair plates for specified purposes only. All other uses are prohibited.

1-7.2 Use. Individuals or businesses that occasionally pick up and deliver a vehicle or move a vehicle for repair or service may use an in-transit plate to do so. No bonding is required of these individuals or businesses.

1-7.3 Expiration Date. In-transit plates expire on March 31 of each year. Applications for in-transit plates are obtained and processed at Secretary of State branch offices using Form BDVR-124. Proof of insurance for all non-owned vehicles is required and must be presented at time of application. The annual fee for each plate is \$20.

1-7.4 Replacement. If an in-transit plate is lost, destroyed or stolen, a replacement plate may be obtained for \$5 at any Secretary of State branch office.